SPECULATION, LEGITIMATE AND ILLEGITIMATE.

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THE word "speculation," to the impassioned social reformer, is like red to a bull. All his latent belligerency against things as they are is roused into strenuous action when he hears the word or reflects on the crazy mentality and the reckless activities it stands for. And there is a great deal in speculation as we have known it and still know it in modern capitalistic countries to justify such wrath. Most students of economic history are willing to admit that our present capitalistic system has succeeded, as no past system ever did, in producing an immense volume of economic goods and services, but its defects are almost equally glaring and of these none is more obvious than the evil of speculation. It is quite conceivable that the capitalistic system may rid itself of this evil and still maintain its main structure but, as the last four years have shown, it has not yet done so. The horrors and tragedies of war did not sober the minds of the people to the point of making them content with the regular returns of daily industry. When money is easy, people seem to be as ready as ever to plunge into the wildest schemes for making wealth over night, to risk all on the chance of large and quick returns.

Because of the bad odor which speculative "booms" and gambling on the produce- and stock-exchanges have generated, the moralist who knows little if anything about economics condemns all forms of speculation without any discrimination whatsoever. Perhaps he has paid a visit to the Stock-Exchange in New York or the Bourse in Paris and has seen the wild gesticulations and heard the excited shouting of the brokers as they bargain with one another there and, with this picture in his mind, has concluded that speculation is a form of insanity or, if he cannot go that far, at least something akin to the chattering of apes in the

tree tops. But such wholesale condemnation carries no conviction to minds that are patiently investigating the whole subject with the desire to see things as they really are. Such persons are not content to stand in front of a produce-exchange or a stock-exchange and curse them for their evil deeds. They wish to know the whole story of speculation, to see why the exchanges arose, to discover what economic functions they have performed and to relate them, if possible, to the broader phenomena of human life with which they are already familiar. While the bewildered spectator of the stock-exchange, on one of its wild days, sees in its activities nothing but the antics of madmen, the serious student becomes more and more aware, as he studies, that the forces which he sees in such feverish activity there are the same forces that he is familiar with in daily life, only in a more concentrated, intensified and artificial form. It is sometimes said that to know all is to forgive all. Such a sentiment carried to the extreme and acted out in life would disarm us in the presence of aggressive evil. But if we may not say that to know all is to forgive all, at least we may say that to know all is to condemn and fight with discrimination and to that end it may be worth while to discuss once again "speculation, legitimate and illegitimate," even though to many readers it may be nothing more than threshing old straw.

The broad fact of life in which all speculation is rooted is the fact of risk. It may conceivably be true, as the mechanistic philosophers contend, that the universe is a vast machine and we but cogs in it, but at least it does not seem so in actual experience. If a machine does not break down, we can predict what it will do for a long time to come but in human life we know not what a day or an hour may bring forth. No doubt human life is law-abiding but the factors in it are so numerous, so complex, so varied that prediction is impossible. There is hardly a phase of it into which risk does not enter. Every new home is a venture. Every mother risks her life in giving birth to her first-born child. Every choice of trade or profession is a sort of

challenge to destiny. Every religion, every philosophy is a spiritual and intellectual forecast. Every international treaty is a hope. There is too much evidence of law and regularity in the world to warrant the statement that chance is king but at least uncertainty is everywhere and every human being who wishes to be more than a cog in a machine must venture out into the unknown.

Nowhere is risk more obvious than in the economic aspect of our life. Through all stages of social evolution man's struggle for a livelihood has had its ups and downs. In the fishing and hunting stage men must have had hard luck now and then as fishers and hunters have to-day. In the pastoral stage epidemics and storms must have often played havoc with the herds and flocks. In the early agricultural stage the return to labor must have been almost entirely dependent on the weather, for the methods of cultivating and fertilizing were very primitive. Nor has risk been eliminated from the modern world although our methods in agriculture, commerce, manufacture and finance have been improved beyond the wildest dreams of our great grandfathers. Indeed in some respects our risks to-day are greater than those of a much earlier time. The early makers of cloth, for example, made it from the wool of their own sheep to meet the definite needs of their own families. In a sense, they controlled both supply and demand. No transportation and no elaborate machinery were required. The whole process might be carried on, indeed was carried on, within the same family or clan. They manufactured directly for their own needs out of raw materials which they themselves produced.

How different to-day! No man knows through whose or how many hands the shirt or the shoes he wears had passed before he bought them. All he knows is that the hands were very numerous. The farmer, the sailor, the railroad-man, the machine-maker, the spinner, the weaver, the tanner, the garment-maker, the shoemaker and a long list of other workers had to do their part, in utter ignorance of one another, before the shirt or the shoes could be handed over

the counter to him. We do not go to our merchants and order the articles we desire far in advance of our need of them. That is, production does not go on in response to definite demands. It goes on before desire has expressed itself and its amount is determined by some one's guess as to what the demand will be. The time that elapses between the beginning and the end of a productive process may cover years and the journeys and transformations that an article often undergoes in the course of the process would, if known completely, stagger the imagination of the simple person who buys things across the counter without asking how they came to be. Indeed production in anticipation of demand is one of the fundamental characteristics of our economic system. Risk or speculation or venturing out into the unknown is an inevitable accompaniment of economic specialization and division of labor. The farmer has no absolute guarantee of a harvest when he sows his grain or plants his trees and vines. The retail merchant has no guarantee that demand will take from his shelves all the goods he buys from the wholesaler. The manufacturer has no guarantee when he manufactures for stock that he will find customers for his goods. All of them alike produce in the hope of effective demand but no power on earth can guarantee that the demand will be what they desire.

The risk is greatest at the two ends of the productive process, the supply of raw materials and the demand over the counter. The merely mechanical part of the productive process, that is, the manufacture of raw materials into goods ready for use has its unforeseen accidents, no doubt, but human ingenuity and inventive genius have reduced these to a minimum. Man has such control over the power of steam, water and electricity and such skill in creating and using machinery that, given the raw material of production, he can make out of it almost what he pleases. If the whole productive process were as much in his power as the manufacturing part of it, there would be no such thing as speculation at all. Risk would be eliminated. The economic life might be turned over more and more to machinery and

human beings could dedicate their lives for the most part to play, culture, travel and religion.

But as soon as man steps out of the back door of his manufacturing plant to look for his raw materials, he finds himself in a world which he does not and never will be able to control. His wool comes, perhaps, from Australia and its abundance and price will depend on the amount of the rainfall, which determines the quality of the pasture in that far-away country. Or if he uses cotton, his supply will be determined partly by the presence or absence of frost in the cotton-belt. If he is a miller, he keeps his weather-eye open, for the rainfall in the wheat-belt will determine how much he must pay for his wheat. If he mines for gold or silver or ore or coal he never knows when the vein he is working will peter out. If he is an oil-producer, he never knows when his well will cease to flow. If he is a fisherman, he cannot foresee when the luck will turn against him. As we have already said, man's control over the manufacturing process and over the agencies of transportation is stronger with each new decade but face to face with the weather and the uncertainties of the treasures that lie buried under the surface of the earth, he is brought up short and made to feel the risks of his existence. Inside the factory, he is lord and master. Outside the factory he is a dependent creature and can never be sure of the amounts of wool, cotton, wheat, sugar, coffee, fruit, oil, natural gas, gold, silver, copper, etc., that nature will give him in return for his labor. As a producer of raw materials, uncertainty dogs his footsteps every day.

And there is another factor in the supply of raw material that causes him trouble. People want flour from the miller every day. They also want, if not every day, at least at every season, cotton and cloth from the textile manufacturers. But nature does not supply the raw material for these goods every day. They come only once a year and, as we must pick berries when they are ripe or go without them in the winter, so the manufacturer must secure his raw material when it comes on the market or at least make

a contract for it some considerable time before he is likely to use it.

Here, then, at the supply-end of the productive process we have two great uncertainties: on the one hand, the weather and the possible petering out of the mines, oil-wells, gas-wells, etc.; on the other hand, the irregular nature of the supply as contrasted with the regular nature of demand. Manufacturers must make contracts for their raw material months before they use it in the manufacturing process and without any guarantee that the price will not fall in the meantime.

At the other end of the productive process, that is, the demand-end, the risk is no less real. The desires of human beings are as fickle and unpredictable as the weather. The psychologist is no more reliable than the weather-prophet. Demand changes with the fashions and fashions change so rapidly that it is difficult for the conservative person to keep up with them. The weather also has its effect on demand. A hot dry summer sends the demand for muslins and cottons up and the demand for rainproof goods down, a cool wet summer just reverses the demand. The general prosperity of the community also has its effect. In war-time, when wages were high and we were all deceived by the fictitious prosperity of the country, demand mounted and mounted, following the prices up and up, but once the balloon of prosperity had burst, demand fell to a point where it was too small to keep all our factories going. Again, demand is profoundly affected by influences that are only temporary. During the war the demand for shells, rifles, bayonets, guns, masks, ammunition, ships, submarine-chasers, aeroplanes and all the other weapons of war, as well as for blankets, socks, shoes, clothes, sweaters and many other kinds of wearing apparel, was limited only by our capacity to produce them. Now that the war is over that particular demand has dwindled and will dwindle still farther if we succeed in agreeing with other nations to limit armaments. Again, demand for an article is always limited by the possibility of using something else in its place. If

woolens go too high, people use cotton. If wheat flour is dear, they use rye or barley or rice. If the price of butter soars, they use oleomargarine. If they have to pay a high price for the legitimate drama, they go to the movies. If they cannot afford real diamonds, they use brilliants. And so on *ad infinitum*. Demand is a flirt and cannot be long depended on. And yet flirt though she be, industry cannot wait until she has expressed herself. Someone must guess as to what she will want and set the wheels of his factory moving to satisfy her when her voice is once heard.

The whole productive process might be likened to a bridge resting on two piers. The bridge itself or the manufacturing part of the productive process is sound or nearly so. But the two piers—supply of the raw materials and demand over the counter—are constantly shrinking or expanding and so render the whole bridge more or less unstable. And yet it is quite impossible for human ingenuity to stabilize the two piers. Unless we are willing to scrap our whole specialized system of production and go back to the patriarchal stage of industry, when each family produced its own raw material and manufactured only for its own needs, we must face the two great risks already described. Someone must run the risk that a change in the supply will lower prices and thus make the cost of production greater than the price obtainable for the manufactured article. This risk might be overcome if society were to extend the cold-storage principle and store away an immense accumulation of raw materials in the fat years, which could be drawn on when the supply of the current year was low, but as yet we have no storehouse for such an accumulation and no guarantee that it might not be as costly to maintain it as to take the risks as they come. Someone also must run the risk of making a wrong estimate of demand, for no man or nation of men can foresee with certainty what effective demand over the counter will be. Conceivably this risk also might be eliminated. If every human being the world over could and would determine and express his demands for the next three or four years to his grocer, baker, butcher,

shoemaker, garment-maker and to all the other individuals and the companies from whom and which he is accustomed to buy goods and services, we might stabilize the demand-end of the productive process. But such a determination beforehand of individual demand is quite impossible. It is easier and better to run the risks we are fairly familiar with than to experiment with so impossible a scheme.

Granting that the risks described are inevitable, our next question must be: who is going to assume them and what reward is he likely to ask for so doing? It is just at this point that the speculator enters. The speculator is society's risk-bearer, and the reward he asks for his service is the profit he makes when his estimate turns out to be a correct one. As the economic process has become more and more complex, society has had to resort to highly specialized workers and the speculator is just a striking instance of specialization. He bakes no bread; he manufactures no cloth or cotton or flannel; he knows nothing or at least need know nothing of the technique of any industry; he handles no raw materials in a physical way, and yet he performs a genuine service for all the men who do these things. At the supply-end of the productive process, especially, he bears the risks which would hamper the manufacturer if he had to bear them himself.

In order to be free to devote his entire attention to the technical process of manufacture, the manufacturer can use several devices to get rid of risk. For example, he can manufacture only to order, charging a price which will enable him to make a profit over the cost of the raw material at the time when the contract is entered into and the cost of manufacture. But while this is possible to a few firms in an industry or even to a whole stage in an industry, it is never possible to an industry as a whole. The tailor may keep samples rather than cloth; some manufacturers may weave patterns, send them out to possible customers and make cloth only on demand and never for stock; but if we follow the goods in their passage from one stage of the industry to another, we will inevitably find someone who

cannot wait for orders if he is to have any part in the productive process at all.

Or, again, the manufacturer can get rid of risk by dealing in futures. When he buys raw material at a certain time and price for delivery at a certain date in the future, he runs the risk of a fall in the price before his contract calls for delivery, in which case he might have to manufacture at a loss. But by a simple device he may protect himself against that risk. He can sell the same amount, for the same time ahead, at the same price, so that what he loses on his purchase he gains on his sale or what he gains on his purchase he loses on his sale. In other words, in order to insure himself against risk, from a fall in price, he foregoes the possibility of gain from a rise of price or, as Professor Seligmann has put it, "the business man resorts to speculation to free his business from speculative influences."

But have the risks been abolished by this dealing in futures on the part of the manufacturer or importer? Not at all. They have simply been turned over to the speculator. While the manufacturer or importer sacrifices a possible gain in order to insure himself against a possible loss, the speculator risks a possible loss in order to make a possible gain.

He works in the following manner. He gathers from all possible sources such as trade-papers, consular reports, market-reports, agents, travelers, etc., all the information he can about the supply of and the demand for the articles he deals in, and, then, on the basis of his interpretation of the information, he forecasts price-fluctuations and buys or sells as his judgment dictates. If he expects prices to go up, either because the supply is likely to be small or because the demand is likely to be great, he buys now, for present delivery or future delivery as the case may be. His buying now tends to send up the price at once and as the price goes up consumption is checked, that is, instead of having a feast and a famine as might be the case without the speculator, society consumes a scarce commodity at a slower rate—while it misses the feast, it escapes the famine.

And more than that, by checking consumption or making supply and demand harmonize better over a period of time, he lessens the price-fluctuations or prevents the price from going as high as it would have gone if society had wakened up some dreary morning to find that the supply of the goods in question was lower than anyone had supposed.

On the other hand, if his forecast is that prices must go down because supply is likely to be plentiful or demand low, he sells now for future delivery. He has none of the goods he sells in present possession but he is confident that, when the time for delivery comes, he will be able to buy from others what he needs to meet his own contracts at a lower figure than he has contracted for. As a result of his selling prices go down, consumption is stimulated, the stock of the article now in existence is used up and, when the new stock arrives, society is able to get the greatest possible satisfaction from it because of the systematic spreading out of the supply over the whole season.

The speculator, then, when he knows his business, performs a very useful social service. He helps to establish an equilibrium between supply and demand. He promotes an expedient rate of consumption by stimulating it when the supply promises to be abundant and checking it when the supply is likely to be small. He makes the daily market price conform to the seasonal market price and thus minimizes the very price-fluctuations out of which he draws his profit. Thus he stabilizes the economic life of the community as well as secures for it the largest possible satisfaction from the goods consumed. Of course he does not set out deliberately to do this. He is not often a philanthropist, in his business relations at least. The shrewdest speculator makes mistakes now and then and every mistake costs both him and society dear, for then price-fluctuation is greater than it would otherwise have been. But when he is a genuine specialist and informs himself carefully concerning the probable supply of and demand for the raw material he deals in, he is an essential part of the economic mechanism and deserves a reward for his risk-taking.

I have contended thus far that the genuine speculator who speculates with his own money performs a useful public service,—he bears the risks which the manufacturers and importers are eager to escape and, when his estimate is correct, he stabilizes the economic life of the community by minimizing price-fluctuations. But legitimate speculation passes into illegitimate gambling about as easily as marriage passes into divorce among the movie-actors. Our next step, then, will be to follow the stages of "the rake's progress" and to see how a necessary social function becomes a public nuisance and even a grave social malady.

The least guilty form of illegitimate speculation is buying and selling by a genuine speculator on insufficient capital. According to Bradstreet's Review about 40 per cent of the business failures each year are due to lack of capital, but in the ordinary business-world the failure of one firm does not necessarily involve other persons. If one store closes its doors its customers can easily find what they want elsewhere. But when a speculator fails for lack of capital, he almost inevitably involves others. He has sold to his customers for future delivery goods which he cannot buy when the time for delivery comes because he has made a wrong estimate of the price and has not enough capital to bear the loss involved. In the meantime, his customers in their turn, expecting him to fulfill his contract, no doubt made contracts with their customers to supply them with manufactured goods at a certain price. Hence when the speculator fails them and they must go anew into the market for raw material and buy what they need at a higher price, it is often impossible for them to fulfill their own contracts except at a loss which ruins them. The speculator as a risk-bearer cannot escape the possibility of loss now and then, and he owes it to the business community with which he deals to have enough capital to assume the whole risk and not throw part of it on his customers who are virtually paying him to take it off their shoulders.

The most guilty form of illegitimate speculation in which the professional speculator indulges is manipulating the

market or producing artificial price-fluctuations. The criminal character of this treachery to our economic system may be inferred from the fact that one trenchant writer compares such speculators to wreckers who falsify the coast-lights to mislead ships. Most men would consider lynching almost too easy a death for the latter offenders but the former generally escape with their booty without any punishment whatsoever, because the general public has no appreciation of the disastrously anti-social character of their conduct. Perhaps the speculators themselves are not fully aware of the damage they are causing society.

To see the full significance of this kind of speculation, let us recall how production in our present economic system is regulated. How does the farmer, the producer of raw material, the importer, the manufacturer know when the community wants a certain commodity? There is no central committee sitting in New York or London or Paris or Berlin to which he can apply for information. He cannot collect the information from the prospective buyers themselves. And yet he produces blindly unless he can get some indication of what is actually desired. The indicator he follows is price. It may not be an ideal indicator. Indeed some economists contend that market-value or price is not a good guide to the best use of the productive powers of society, inasmuch as it tends to the production of luxuries rather than of necessities since luxuries yield the greater profit. But, whether ideal or not, price is the indicator that the producer must follow. When the price of a commodity is high, he concludes that the supply is low or the demand large and increases his production. When the price is low, he concludes that supply is abundant or demand small and decreases his production, or at least does not increase it. To falsify the indicator, that is, to cause an artificial fluctuation of price without any relation to the equilibrium of supply and demand is to throw the whole producing-world into confusion.

Now, that is exactly what the professional speculator does when he manipulates the market. After a careful

study of the whole situation, he concludes, let us say, that the supply of a certain raw material in constant demand is going to be scarce and therefore that the price, when this fact becomes known, is sure to go high. He wishes, therefore, to get as much as possible of the supply into his own hands. How does he, or rather, let us say, how does the syndicate to which he belongs, go about it? It scatters false reports about the amount of the supply in sight, that is, it gives people to understand that the supply will be abundant and the price low. It backs up its false reports by selling for future delivery and thus forces the price down. Others, less well informed, on seeing the downward trend of the generally reliable indicator, price, also sell. Their selling forces the price still further down and stimulates consumption,—in this case against the social interest since the supply is small. But, as the prices fall towards the lower levels, the manipulators themselves buy secretly and in a scattered way until they get a considerable portion of the supply within their control. Then at the psychological moment they buy quite openly and, as open buying always causes prices to rise, they are able to force the price of the commodity they deal in to a higher level than it would otherwise have reached. Thus by falsifying the indicator, price, they confuse the whole economic situation, ruin many of their business rivals and force the whole community to pay more for a commodity than would have been necessary, had speculation followed its more usual legitimate course. Our present economic system has many sleepless enemies attacking it from the outside but their blows are harmless compared with those dealt against it from within by its own professed friends. It is not surprising that Professor Henry Clay has likened them to wreckers who falsify the coast-lights.

Thus far I have discussed only the illegitimate speculation of the professional speculator. From the moral point of view, no doubt, he is the most guilty man on the exchange, for he knows what he does and deliberately chooses the evil. But for every big deliberate wrecker of the economic system

there are a thousand petty gamblers who may be considered less guilty than he only because they do not generally know as clearly as he the social meaning of what they are doing. These are the so-called "lambs" or "fliers" or outsiders who have made no professional study of the markets or of any one commodity, who have no intention of actually receiving or delivering the goods they buy or sell, and who have seldom more than enough money (and often not enough) to maintain the margin they must put up on the price of their purchases. How large this kind of speculation is may be seen from the fact mentioned by Hadley that "the sales of certain commercial staples such as wheat, cotton, or petroleum in the New York market in some years are fifty times as great as the actual deliveries, and of the transactions in stocks, perhaps an equally small proportion represents purchases for investment." All these transactions can possibly mean, from a business point of view, is betting on the future price of commodities or of stocks. They are not based on careful study; they have in view no *bona fide* business; they are not forms of investment; they are simply bets or gambles, rendered possible by the standardizing of the great commodities such as cotton, wheat and wool, by the homogeneity of all the stocks of the same company of the same grade and by the fact that there is always a market and a market price for such things. The business-community, by standardizing commodities and stocks, aimed only at making possible an easy and rapid transaction of legitimate buying and selling but the gambler exploits the social machinery for his own speculative, individual ends.

The evil of such speculation does not consist in what is called trading on margin. Any form of buying on credit is really trading on margin. The farmer who buys land on a mortgage is working on a margin. The real evils are to be found elsewhere. In the first place, such speculation maintains in existence a parasitic class of brokers who are not needed at all for legitimate speculation. If it were not for the large flocks of lambs who come up to the markets

every year to be sheared, most of the brokers whose labor is now wasted would have to become producers in order to get a living. In the second place, it is the outsiders or fliers who make possible the manipulation of the market by the professional wreckers. The glittering misinformation which is sent out by these men is meant to deceive the "lambs," and the ease with which they can be deceived puts a premium on the manipulation of the prices by the operators. As a consequence of their ignorant, though often self-confident, gambling, not only does the professional operator absorb their margin but through them hurts the community by causing unnecessary price-fluctuations. In the third place, such gamblers speculate with money which ought to be kept safe and not risked at all. To a man with a salary of, say, \$2,000 per year, a loss of \$500 does more harm than a gain of \$500 does good, inasmuch as the loss is taken out of the necessaries of life whereas the gain is only added on to the luxuries. This would be true even if the losses and gains balanced, but of course they do not balance. Pitted against the professional operator the "lambs" have no chance and though now and then one of them may make a lucky hit and thereby set on fire the imagination of his neighbors, as a class their fate is to be shorn and exposed naked to the cruel elements. In the fourth place, the gambling habit exercises a demoralizing influence over the minds of all who indulge in it. It keeps them in a continuous state of feverish excitement; it distracts from the steady work on which their welfare as well as that of the community depends and it encourages in them a reckless, anti-social individualism which seeks only its own gain and pleasure, no matter what the cost may be to the group to which they belong.

To sum up all I have said in a few words: speculation has not only a legitimate but also a necessary place in our modern business-world. The speculator is only a highly specialized risk-taker and risks are inevitable so long as supply of raw materials and demand over the counter are uncertain. We may always test the legitimacy of specula-

tion, therefore, simply by asking whether or not it tends to adjust supply and demand to one another and thus secure the best rate of consumption by the community. All forms of commodity-speculation which, with or without intention, tend to destroy the equilibrium of supply and demand are unquestionably anti-social and illegitimate. With almost equal certainty we may say that speculation in stocks is harmful. We may except speculation in the stock of new companies, for here the speculator may be helping to launch an enterprise that will serve a social end, but at least marginal speculation in the stock of old companies where the supply is fixed and therefore does not need to be adjusted to demand serves no useful social purpose and for the four reasons already given may be classed as illegitimate. The case concerning speculation in land is almost equally clear. While the area of land is fixed, land-usefulness and land-availability are not. Hence when the speculator in land actually brings buyer and seller together, when he ferrets out the possibilities of making land more useful, when he makes land accessible and therefore available by road or tramway or railroad, in a word, when he increases land-usefulness and land-availability, he serves a social purpose and is worthy of a reward. But when he merely buys land in the hope of a rise in price without doing anything to promote its usefulness or availability, that is, when he simply takes part in a speculative boom, he not only performs no social service but, by helping to keep land out of use and by promoting violent price-fluctuations, is guilty of a real social disservice.

What cure or cures we may ultimately find for the evils of speculation it is difficult now to foresee. The great danger in all drastic measures of reform is that while destroying the bad kinds of speculation we may do serious injury to the good and necessary kinds. The Exchanges themselves may do a great deal by constantly revising and rigorously enforcing their rules. The State may do something by gathering and making public all the information available concerning the great staples, by enforcing pub-

licity of all stock-transactions and by extending its present legislation against gambling and betting to certain forms of stock-speculation. But after all the great source of illegitimate speculation is the rashness, greed, and gullibility of the general public, and these states of mind cannot be legislated out of existence. What is needed is a great moral and intellectual crusade against the low moral standards and the economic ignorance which the gambling practices of to-day show to be characteristic of so many people. It is their crazy worship of wealth, their unthinking and unethical eagerness to make something out of nothing, their unreasoning passion to get a place or to keep their place in the social whirl that drive so many people into the gambling habit. The only sure cure for that habit, therefore, is a new and sounder philosophy of life. The new generation must learn that the way to happiness lies, not through great fortunes legitimately or illegitimately made, but through work and home and friendship and art and music and literature and religion. If we could only get our children to see and practise that simple but profound lesson, the illegitimate speculation which is so great a curse to-day would begin to disappear because the source from which it now flows would be dried up.

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